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ABSTRACT

Information on managing debt acquired by St. John's University law students is provided. The cost of education for a graduate student includes tuition, fees, books, home maintenance, personal expenses, and transportation. A student budget for 1984-1985 is provided by students' dependency status (dependent 9 months, 9-month residency/dependent, and 12-month residency/independent). Financial counseling services offered to law students during the first, second, third, and fourth year are described. Loan deferments for full- and part-time graduate students are also discussed. Kinds of investments that students might make with part of their income are identified. Information is provided on acceptable levels of indebtedness based on entry-level salary levels for private practice firms by size, business concerns, government, and judicial clerkships. Additional data are presented on: living expenses (e.g., transportation, rent, automobiles, personal loans); student loan repayment for different interest rates; professional expenses; and taxes students will have to pay. Sample law school budgets for unmarried/married students are provided that cover: living at home/no car, living in own apartment/no car, living at home/used car, and living at home/new car. Agendas of seminars on financial planning and debt management are appended. (SW)

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EDUCATION

St. John's University

OFFICE
OF
FINANCIAL AID

[redacted]

[redacted]

[redacted]

LAW SCHOOL FINANCIAL PLANNING

AND DEBT MANAGEMENT

PURPOSE

The purpose of this brochure is to make you, the St. John's University Law School student, more aware of the necessity for financial planning and debt management. This is in keeping with the University's financial aid policy of providing available needed financial aid to enable all qualified current and prospective students to have access to a quality education in an urban Catholic atmosphere.

The Financial Aid Office of the University, located on the lower level of Perboyre Hall, extends an invitation to you to visit the Office and speak to a counselor regarding your financial plans for your academic and future career.

In an effort to further cooperate with the Law School and to make things easier for the Law School student a Financial Aid Counselor is available at the Law School each Wednesday.

FINANCIAL AID APPLICATION

You will receive our brochure, "Graduate and Law School News in Financial Aid," which provides updated financial aid information for Law School students. You will be given the Graduate and Professional School Financial Aid Form (GAPSFAS) and the Tuition Assistance Program (TAP) application as the means of applying for financial aid for Law School. In addition, you will be advised to contact the Law School directly concerning scholarships based on academic achievement.

A student filing a GAPSFAS form who has been accepted into the Law School will be sent information regarding recommended financial aid in the form of a "Financial Aid Package" letter. This letter lists all possible assistance available through the Office of Financial Aid of the University. The package letters are sent to Law School students during the summer prior to the beginning of the academic year.

The Law School tuition for 1984-85 for a full-time first year law student (14-15 credits) is $6,748 per year. For an entering part-time (11 credits) evening student, the tuition is $5,302. The 1985-86 tuition for both full and part-time Law School students will increase but figures are not yet available. Each Law School student is expected to contribute $900 toward his/her education from summer earnings.

COST OF EDUCATION

The cost of education for a law school student includes tuition, fees, books, home maintenance, personal expenses, and transportation. The following budgets are defined by dependency status:

1984-85 LAW SCHOOL BUDGETS

	Full-time (14-15 credits) (day session)	Part-time (11 credits) (evening session)
Dependent Nine-month Commuter		
Tuition	$6,748	$5,302
Fees	130	130
Books and Supplies	400	300
Home Maintenance	1,100	1,100
Personal Expenses	1,000	1,000
Transportation	500	500
Total Budget	$9,878	$8,332
Dependent Nine-month Resident		
Tuition	$6,748	$5,302
Fees	130	130
Books and Supplies	400	300
Room	1,800	1,800
Board	1,800	1,800
Personal Expenses	1,000	1,000
Transportation	500	500
Total Budget	$12,378	$10,832
Independent Twelve-month Resident		
Tuition	$6,743	$5,302
Fees	130	130
Books and Supplies	400	300
Room	2,400	2,400
Board	2,400	2,400
Personal Expenses	1,200	1,200
Transportation	500	500
Total Budget	$13,778	$12,232

Budgets will vary for independent students depending on marital status and number of dependent children. Additionally, they will vary from student to student depending upon area of residence and additional expenses related to fees, books, and special circumstances.

DEBT MANAGEMENT INFORMATION

In order to advise a Law School student of the accepted level of indebtedness accumulated by a student prior to graduation requires that the Financial Aid Counselor knows the student's entire situation with regard to respective economic background, parental contribution, employment opportunities, course work completed, and his/her earning potential upon graduation.

A Law School student's "debt burden" is that portion of the borrower's future earnings that will be needed to repay educational loans. The Financial Aid Counselor advises you, the law student, to study the data given in this report, make comparisons to your situation, and then plan wisely.

As you will note from the following figures, the level of indebtedness for a St. John's Law School student is not high, but with tuition costs rising in 1985-86, it follows that the level of indebtedness will likewise rise. Also, unless there are substantial increases in the funding levels for campus based federal programs, i.e., National Direct Student Loans and the College Work Study Program, as well as state financial aid, (TAP-Tuition Assistance Program), many more Law School students will have to increase their debt burdens.

There are approximately 1,100 students in the Law School in 1984-85, of which over 700 received some sort of unduplicated financial aid.

In 1983-84, 609 students at St. John's University Law School received $2,869,510 in student loans. Of these 609--517 received GSL's totalling $2,368,822; 68 received NDSL's totalling $148,325; 134 received ALAS Loans totalling $352,363. Although the present level of indebtedness of a Law School student is not high at St. John's University, we are concerned as we see a trend evolving as each new class enters. Of course, these figures do not reflect the undergraduate levels of indebtedness for these students.

Listed below are the average cumulative amounts borrowed by our Law School students from September 1980 to June 1983:

	NDSL	GSL	ALAS
LAW (excluding undergraduate loans)	$2,878	$7,802	$2,592

It appears from our research that new freshmen entering St. John's University in September 1983 borrowed more in their first year of school and will build up a greater undergraduate debt burden than their predecessors. We feel that most universities are finding their students in the same situation as the tuition and cost of living are accelerating at a far more rapid pace than are funding levels of assistance. Since Law School tuitions are following the same trend, the Law School graduate also faces an increased debt burden.

For the year 1983-84, another fact emerges. Twenty-nine Law School students found it necessary to take both NDSL and GSL loans. Their average indebtedness was $7,500 for the year. This projects a possible three-year indebtedness of $22,500. The ALAS program for Law School students is a fairly new one and allows borrowing up to $3,000 a year in addition to what was borrowed under GSL program. A full-time Law School student can defer interest payments on ALAS loans under the Assured Access Program. The number of Law Students at St. John's University taking ALAS loans has risen sharply from 34 in 1982-83 to 134 in 1983-1984. The dollars borrowed have

increased from $97,618 in 1982-83 to $352,363 in 1983-84. Eighty-three Law students took both GSL and ALAS loans.

COUNSELING

FIRST-YEAR LAW STUDENTS

Financial Aid counseling is available to each student attending the University. A student receiving a National Direct Student Loan, is required to attend an Entrance Interview. At this interview the student is counseled about the terms of his/her loan and given our detailed brochure which indicates his/her rights and responsibilities. Every recipient of a National Direct Student Loan is seen at least twice a year and encouraged to express his/her concerns about financial aid. A rapport between Counselor and student is established. This rapport facilitates dialogue through which the value of the Financial Aid Office becomes more apparent to both the University and the student.

Both a full-time and a part-time Law School student may be eligible for the Guaranteed Student Loan Program. GSL applicants borrow with their local bank/lending institution acting as a lender. The Guaranteed Student Loan application, however, must be processed through the Office of Financial Aid. A GSL applicant is screened carefully and is required to sign a Statement of Loan Responsibility before his/her loan application is accepted for processing.

Each student is informed of and encouraged to attend the Financial Aid Seminars on Personal Planning and Debt Management. These seminars are announced through ads and articles in the school newspapers, flyers distributed to faculty and staff which professors are asked to read in class, as well as personal contact with University Deans and Presidents of student organizations.

Through personal contact with the Student Bar Association (SBA), students are also made aware of these presentations. Videotapes of the seminars are available to be viewed on an individual basis through the Library Media Center.

College Work-Study Program (CWSP) positions are applied for at the St. John's University Financial Aid Office. Counselors are available to discuss employment opportunities both on and off campus, as well as work hours and pay rates.

Every financial aid recipient has the opportunity to meet with a Financial Aid Counselor at least twice a year, once each Registration. In addition students are encouraged to visit the Financial Aid Office throughout the year to express any individual concerns and questions about financial aid or to visit the Counselor who is available in the Law School on Wednesdays.

SECOND- THIRD- AND FOURTH-YEAR STUDENTS

Reminders are sent to students to apply for aid for the upcoming school year by the University deadline date. A National Direct Student Loan recipient will meet with a Financial Aid Counselor a minimum of three times during the course of his/her last year. Each borrower is counseled at the beginning of each semester and at the end of his/her last semester, he/she is given an Exit Interview. A brochure explaining his/her rights and responsibilites with regard to loan repayment is provided to him/her at this interview. A NDSL recipient is required to again submit references and each is advised as to how these references are used. Each student must sign a detailed

repayment schedule of which he/she receives a copy. A signed Statement of Responsibility is also required. Questions are encouraged and answers provided.

Loan deferments and cancellations are explained at the Exit Interview and each NDSL recipient receives a detailed brochure explaining the necessary procedures for cancellation and deferment.

In the past, at the Exit Interview, various loan consolidation programs were discussed. If a student met the requirements he/she was given information on Sallie Mae and the options program available through this agency. The current loss of this program and tenuous state of federal loan consolidation efforts has triggered dramatic responses from Law School students who have incurred indebtedness from several different kinds of loan programs.

A Guaranteed Student Loan (GSL) recipient is given an Exit Interview by mail and is apprised of his/her responsibilities regarding repayment. He/she is advised to contact his/her bank to discuss a repayment schedule.

As part of St. John's Financial Planning and Debt Management Seminar Program, various lending institutions have presented informative sessions which have encouraged students to form a relationship with a banker. A number of bankers made presentations and were available for questions. Several topics covered in these sessions included "Fiscal Fitness," "Credit, Savings Certificates and Plastic Money," "Student Loans," and "Consumer Lending." The videotapes of these seminars are available for the students to view on an individual basis.

LOAN DEFERMENTS FOR FULL-TIME LAW SCHOOL STUDENTS

If you do attend Law School full-time directly after your graduation from college, or return to school full-time during your loan grace period, your payments on your undergraduate loans, both your National Direct Student loan and your Guaranteed Student loan, will be deferred and a new grace period given once you graduate or drop below 6 credits per semester. If you wait to attend Law School full time until after the grace period has expired, you will be given a deferment on the National Direct Student Loan and your first payment after you leave school will be in the next billing cycle. If you have a Guaranteed Student Loan you will only be eligible for a deferment if you attend full time once the grace period has elapsed. Contact your bank for particulars regarding this option.

LOAN DEFERMENTS FOR EVENING LAW SCHOOL STUDENTS

Students with National Direct Student Loans from an institution other than St. John's University should be in contact with the Bursar's Office at that institution to discuss deferment and completion of the necessary forms. At St. John's University your National Direct Student Loan will be deferred when you return to school and carry at least six credits per semester. If you return to school during your grace period an additional grace period will be given after you graduate or leave school. If you have entered repayment (even one payment) you have exhausted your grace period and your first payment after you leave school will be in the next billing cycle.

If a student has undergraduate Guaranteed Student Loans and attends classes part time during the grace period, he/she may be eligible for a deferment. A GSL recipient should contact his/her bank with regard to an additional grace period if he/she

attends part time or begins classes after the grace period is completed. Possibly the loan principal could be deferred and the student would have to pay only the interest. A discussion with a banker will outline the bank policy with regard to these matters.

HINTS FOR STUDENTS

It has been observed that many Law School students may have their student loan payments deferred. Others may have a higher income which allows some discretionary income. A married student may have an employed spouse. For those students planning for the future we offer the following information.

1. When a student wishes to buy a house or a car or set up his/her own law practice, the student loan indebtedness from college could hinder his/her ability to obtain further credit depending on salary level.

2. A student may want to consider repaying his/her loans while still in law school.

3. A student may want to consider putting away a portion of his/her earnings in a savings or investment plan such as those listed below so that when he/she graduates or wishes to purchase a house or car or set up his/her own law practice, he/she may repay his/her student loan so as to reduce indebtedness.

a) **Bank certificates of deposit.** CD's range in maturity from 7 days to 5 years. Some have fixed interest rates; others, periodically adjusted rates. Minimum prices are from $250 to $2,500. Usually the rate of return reflects current money market prices. CD's are an excellent way to set up an enforced savings program. Money cannot be withdrawn from a CD without penalty before it matures.

b) **Money market accounts.** Money market accounts offered by banks and money market funds offered by mutual funds are high-yielding investments with good liquidity. Most bank money market accounts require a $2,500 minimum deposit. The interest rate can be as high as the bank wishes to establish it. Money Market Accounts are particularly attractive because they are federally insured up to $100,000, allow for unlimited withdrawals at your local branch, and in many cases through automatic teller machines. Most offer limited check-writing privileges, and most permit additional deposits in any amount. Some banks offer bonus interest points for maintaining certain balance levels.

In contrast to bank money market accounts, money market funds spread your investment across a variety of short term commercial instruments. Yield fluctuates but competes with market rates, and they are not federally insured. Because these accounts are short term and diversified, they are safe investments. Money market accounts are available in specific areas (ex. government securities which are tax free).

c) **Municipal bonds.** These are offered by state and local governments in minimums of $5,000. Maturity ranges from one-month "notes" to 30-year "bonds," and sometimes longer. There is no federal income tax, and if you purchase municipal bonds issued in the state where you live, you're exempt from state and local tax. However, if you sell before the bonds mature, there's no guarantee you'll realize a profit or recover your purchase price. Consult your banker or broker for further information regarding these investment instruments.

d) **U. S. Treasury issues.** These are bills, notes or bonds, with an excellent safety record that make them attractive to people with larger minimums to invest.

They are quite liquid because they are constantly traded in an active secondary market. "T-bills" are available in varying maturities - 3, 6, or 12 months; the smallest denomination is $10,000, with $5,000 additional increments. Interest is taxed by the Federal government but not by the state or city. "Notes" come with longer terms - 2 to 10 years - in denominations as small as $1,000, with semi-annual interest. "Bonds" range in maturity from 10 to 30 years, in $1,000 minimum denominations. You buy Treasury issues - and can request guidance about benefits and risks - from your banker.

e) **NOW accounts.** NOW stands for "negotiated order of withdrawal" and is simply a checking account that pays 5½ percent interest. Generally there's no monthly fee or per-check charge, as long as you maintain the required minimum balance. Super NOW Accounts require a larger balance but pay even higher interest rates.

f) **Passbook savings accounts** This type of account is totally liquid; your money is available any time you want it. Because of the liquidity, interest rates are lower than in other types of investments.

g) **Retirement accounts.** Both individual retirement accounts (IRAs) and Keoghs defer taxes until you retire, at which time your tax rate will probably be lower. IRAs are for employees. If you're self-employed, you can have both a Keogh and an IRA. IRAs allow a contribution of up to 100% of earned income, to a maximum of $2,000 a year for individuals, $2,250 for yourself and your husband/wife if he/she is not working, and $4,000 if you both work and file a joint return. Keoghs let you shelter up to $15,000 or 15 percent of your annual income, whichever is less. Either way, you pay no taxes on the money or the interest it earns until you begin withdrawals - at age 59½ (if this age is selected). Penalties are imposed for earlier withdrawals. You must begin withdrawals at age 70½.

h) **Stocks and bonds.** Stocks are shares of ownership in a company; bonds are debts the company owes. As a bondholder you're lending the company money at a fixed rate of interest. Stockholders own equity in the company, which may or may not pay dividends. Generally both are quite liquid, but neither stocks nor bonds guarantee what price you'll get if you sell. The key attraction is income growth and capital growth - provided the company performs well. Talk to a pro, e.g. a broker or a financial consultant. Some banks offer discount brokerage services if you want to do your own investing.

Stocks as an investment can be both intriguing and rewarding. Shrewd investors are constantly researching to keep abreast of trends in the market.

Before you begin to buy stocks it is suggested that you subscribe to a service concentrating on the basics as an introduction to investing.

Bonnie Siverd, an editor, author and expert in the field of stocks suggests the following list of publications.[1]

THE LARGEST CIRCULATION LETTERS

1. The Value Line Investment Survey, 711 Third Avenue, New York, N.Y. 10017. (Value Line is $365 a year, weekly).

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1. Bonnie Siverd, "Read All About It!, Investor's Tipsheets," Working Woman, August 1984, p. 39.

This basic report covers the stock market, investment strategy and the general economy with a lengthy analysis of one stock recommendation.

2. Standard & Poor's The Outlook, Joleen Jasinski, Standard & Poor's, 25 Broadway, New York, N.Y. 10002. ($185 a year, weekly).

Weekly commentaries - brief and clear - consistency in following up on earlier recommendations and carries four portfolios of 10 or more stocks to meet different investment objectives, long term gain, growth, cyclical and dividend yielding issues.

3. United Business and Investment Reports, 210 Newbury Street, Boston, MA. 02116. ($170 a year, weekly).

Focuses on a supervised list along with recommendations on market timing and broad economic trends. Carries 3 model portfolios, long term growth, cyclical and income.

4. Merrill Lynch Market Letter, 1 Liberty Plaza, 165 Broadway, 34th Floor, New York, N.Y. 10080. ($44 a year, 24 issues).

Smaller than above but well focused. Three to five investment ideas an issue. Only major brokerage letter selling its advice to the general public.

5. The Prudent Speculator, P. O. Box 1767, Santa Monica, CA. 90406. ($125 a year, 17 issues).

Ranked first in 1983 annual performance by the Hubert Financial Digest (a widely used benchmark). Looks for undervalued stocks to be held for long term appreciation.

6. New Issues (Institute for Econometric Research) 3471 N. Federal Highway, Fort Lauderdale, Florida 33306. ($150 a year, monthly).

A clearly written guide to initial public offerings of stocks. Carries a calendar of forthcoming offerings as well as data on penny stocks.

ACCEPTABLE LEVELS OF INDEBTEDNESS

Based on information available from various banks, it is recommended that a Law School student should not have repayments on indebtedness equal to more than 15% of his/her expected first year's income. For example a Law school student who expects to earn $18,000 should not borrow more than $18,000 at 7% interest for yearly repayments of $2,507.76 (15% of $18,000 = $2,700.00 per year repayment).

ENTRY-LEVEL SALARIES

Janice D. Villiers of the University Law School Placement Center provided the Financial Aid Office with the starting salary range for Law School graduates. This chart will help the incoming Law student plan his/her future indebtedness based on percentages of income.

LAW SCHOOL GRADUATES

Starting Salary Range

Private Practice

Very Small Firm (2-10)

Nassau/Suffolk	$12,000-$29,000
New York City	$12,000-$29,000
Other New York	$12,000-$21,000

Small (11-25)

New York City	$20,000-$39,000
Other New York	$15,000-$23,000

Medium (26-50)

New York City	$23,000-$35,000

Large (51-100)

New York City	$25,000-$44,000

Very Large (over 100)

New York City	$44,000-$48,000

Business Concerns - Legal

New York City (Corporation)	$30,000-$52,000
New York City (Accounting)	$25,000-$31,000
New York City (Insurance)	$21,000-$40,000
New York City (Other Business Concern)	$17,000-$31,000

Government - Legal

New York City (Local)	$19,000-$25,000
Other	$21,000-$23,000

Judicial Clerkships

New York City (Federal)	$25,000
New York City (State & Local)	$27,000-$29,000

Military JAGC

Geographic Area Not Identified	$25,000

LIVING EXPENSES

The following information has been researched for the Queens County dweller and should provide students with a good idea of where they will stand during Law School and their first year out of Law School:

I. RENT

Based on a recent survey completed by Newsday:

			Rent
Queens	-	1 bedroom apartment	$475.00
		2 bedroom apartment	550.00
		3 bedroom apartment	675.00

To rent an apartment the average landlord requires 1-2 months security plus the first months rent.

Many people renting their first apartment find it necessary to share an apartment.

If living at home - room and board to parents - $100.00/month

II. HOUSES

New York area average $89,875
(with 25% down leaves a $67,500 mortgage
at 11¼% adjustable)[2]
principal, interest, real estate tax, fire insurance - 800.00/month

III. UTILITIES

Gas, Electricity & Telephone
(An initial deposit is required.) - 51.00/month

IV. FIXED EXPENSES

A. CLOTHING

For start up most students find it necessary to invest in proper business attire, with an outlay of about $100/month for first year - 100.00/month

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2. This is an 11¼% one-year adjustable loan which does not reflect the cost of points. Housing costs based on median value, Summer 1984.

B. HOUSEHOLD

Set up of an apartment, payment on furniture, etc. - $ 50.00/month

V. FOOD

A. Dinner - eating at apartment with occasional dinners at parents' house. - 80.00/month

B. Lunches - At work (22 days/month) - 80.00/month

VI. EMERGENCY FUND/SAVINGS

Should be 6% of gross - 112.00/month (based on $1800/month income)

VII. LEISURE

Entertainment ($25.00/week) - 100.00/month
Clothes - 20.00/month

VIII. TRANSPORTATION
(To and from work)

A. MTA only $.90 each way (22 days) - 37.80/month
If 2 fare zone, ex. 1 bus, 1 train ($1.80 each way) - 75.60/month

B. L.I.R.R. (if work on Long Island) (ex. Jamaica to Huntington, round trip) - 104.00/month

C. Drive to work (Hertz survey-average 10,000 miles) - 100.00/month

D. Leisure transportation (maintenance, gas, oil @15,000 miles) (Includes insurance, depreciation and interest on loan) - 150.00/month

IX. AUTOMOBILES

A. NEW AUTOMOBILE
Average new car - 12,000.00

Average down payment: 25% of price of car.
On $12,000 car - 25% down payment - 3,000.00
$9,000 loan for 48 months at 13% - 241.44/month

Average annual interest is 13% on a new car.

The total repayment will be: - 14,589.12
$11,589.12 + $3,000 down payment

For every $1,000 borrowed at 13% - monthly repayment:

6 mo.	12 mo.	18 mo.	24 mo.	30 mo.	36 mo.	42 mo.	48 mo.
$173.04	$89.31	$61.44	$47.54	$39.22	$33.69	$29.76	$26.82

B. USED AUTO

Average used car	-	$5,000.00
Average down payment - 25%	-	1,250.00
$3,750 loan for 36 months at 14% annual interest	-	128.15/month
The total repayment will be: $4,634.00 + $1,250 down payment	-	5,884.00

For every $1,000 borrowed at 14% the monthly repayment:

6 mo.	12 mo.	18 mo.	24 mo.	30 mo.	36 mo.	42 mo.	48 mo.
$173.53	$89.78	$61.91	$48.01	$39.69	$34.17	$30.25	$27.32

C. PERSONAL LOANS

If you did not have enough money for a down payment on a car you might find it necessary to finance the down payment with a personal loan. Or perhaps you would want to finance furniture for an apartment by means of a loan.

A person just graduating from Law School with no previous work experience will find it difficult to obtain a personal loan without a co-signer or collateral.

The interest rates on most personal loans is currently 17%. For every $1,000 borrowed the monthly repayments:

60 mo.	72 mo.	84 mo.	96 mo.	108 mo.	120 mo.
$24.85	$22.24	$20.43	$19.12	$18.13	$17.37

D. CAR INSURANCE

We are assuming the student lives in Queens County so insurance costs for a new auto will run $200 monthly and for a used auto $150 monthly. On the used auto there would be no collision coverage.

E. TOTAL CAR EXPENSES ON NEW CAR

New car $12,000 with 25% down (13%, 48 mos.)	-	$241.44/month	
Insurance on new car	-	200.00/month	
Maintenance, gas, oil for leisure transportation @10,000 miles	-	150.00/month	
			$591.44/month
If used to drive to work (per Hertz - 10,000 miles)	-	100.00/month	691.44/month
If down payment borrowed add ($3,000 at 17% for 36 mos.)	-	106.95/month	798.39/month

F. TOTAL CAR EXPENSES ON USED CAR

Used - average cost $5,000 with 25% down (14%, 36 mos.)	-	128.15/month	
Insurance - no collision	-	150.00/month	
Maintenance, gas, oil for leisure transportation @10,000 miles	-	150.00/month	
			428.15/month
If used to drive to work (per Hertz - 10,000 miles)	-	100.00/month	$28.15/month
If down payment borrowed add ($1,250 at 17% for 36 months)	-	44.56/month	572.71/month

X. STUDENT LOAN REPAYMENT

A. GUARANTEED STUDENT LOAN

Average St. John's University Law School Guaranteed Student loan payable nine months after graduation or withdrawing from school (undergraduate and law school loans combined)

$12,750 - 7% - 10 yr. repayment on GSL - $148.04/month
7% loans are payable nine months after graduation or withdrawing from school.

8% or 9% loans are payable six months after graduation or withdrawing from school

For every $1,000 borrowed the monthly repayment:

	12 mo.	18 mo.	24 mo.	30 mo.	36 mo.	48 mo.
7%	$86.53	$58.69	$44.77	$36.43	$30.88	$23.95
8%	$86.99	$59.15	$45.23	$36.89	$31.34	$24.42
9%	$87.45	$59.60	$45.68	$37.35	$31.80	$24.89

	60 mo.	72 mo.	84 mo.	96 mo.	108 mo.	120 mo.
7%	$19.80	$17.05	$15.09	$13.63	$12.51	$11.61
8%	$20.28	$17.54	$15.59	$14.14	$13.03	$12.14
9%	$20.76	$18.03	$16.09	$14.65	$13.54	$12.67

A bank may require a $50 per month minimum repayment.

B. NATIONAL DIRECT STUDENT LOAN

Average St. John's University Law National Direct Student Loan payable nine months after graduation or withdrawal from school. These are paid on a quarterly basis. (Figures are approximate as interest is computed on remaining balance each quarter.)

$3,000 - 5% - 10 yr. repayment - $37.49/month - or $112.47/for first quarter

For each $1,000 loan at 5% your quarterly payments over a ten-year period would be as follows:

Payment #	Principal	Payment Portion	Interest Portion	Total Amt Due
1	$1,000.00	$25.00	$12.49	$37.49
2	975.00	25.00	12.18	37.18
3	950.00	25.00	11.87	36.87
4	925.00	25.00	11.56	36.56
5	900.00	25.00	11.24	36.24
6	875.00	25.00	10.93	35.93
7	850.00	25.00	10.62	35.62
8	825.00	25.00	10.31	35.31
9	800.00	25.00	9.99	34.99
10	775.00	25.00	9.68	34.68

Total Interest Paid: $256.00

The 30 remaining payments will decrease as the interest on the remaining principal decreases.

Total Amount Paid: $1,256

XI. TAXES

The percentages provided represent an approximation from the government guidelines for a single individual filing the short form.

Federal Tax	Salary	Percent of Gross
Law	$22,400	16.75
State Tax		
Law	$22,400	5.6
City Tax		
Law	$22,400	2

F.I.C.A.
6.7% of gross
maximum tax $2,392
maximum income $35,700

XII. PROFESSIONAL EXPENSES

For those students interested in setting up their own law practice in the New York area, we offer the following:

1985 First Year Expenses For Opening Law Practice:

Space for self and one secretary/paralegal. Rent $25/$30 sq. ft. Minimum 400 sq. ft.	-	$15,000/yr.
Equipment and supplies	-	5,000/yr.
Paralegal or secretary one month vacation no precedent set for benefits	-	16,000/20,000/yr.
Legal library Bar Association Library - access to library	-	100/yr. annual fees
(Complete library used books - most lawyers do not invest in this)	-	(25,000/40,000)
Law Journal subscription updates current revisions to law	-	250/yr.
Other Journals necessary to keep abreast of current changes in New York law	-	700/yr.
Electricity, utilities, phone	-	3,000/yr.

Start up for first year
one year's salary for paralegal
no salary for law graduate
plus rent & supplies — $50,000/start up

If $50,000 borrowed from bank you will pay on laon 2½% over prime rate estimated at 17% interest.

Three year loan — $1,782.62/per month

SAMPLE BUDGETS

Based on a Northwestern University study in early January 1984, recipients of Bachelor's Degrees in 1984 can expect annual salaries of $22,048. This figure, we assume, includes a 30% benefit package* which would bring the annual starting salary down to $15,432. The monthly income before taxes would be $1,286.

The Graduate student can expect a salary of $28,194. With a 30% benefit package,* this would bring the annual starting salary to $19,740 or $1,645 a month before taxes.

The Law School graduate can expect a salary of $32,000. With a 30% benefit package,* this would bring the annual starting salary to $22,404 or $1,867 a month.

*Benefit package includes insurance, hospitalization, retirement fund, vacation.

SAMPLE LAW SCHOOL BUDGET

LIVING AT HOME/NO CAR

Salary after taxes/month		$1,286.89
Start up clothes	$ 100.00	
Room and board to parents	100.00	
Lunch	80.00	
Transportation (Subway)	37.80	
Emergency Fund	112.00	
Leisure entertainment	100.00	
Leisure clothes	20.00	
Student Loan Repayment ($12,750-10 yr. 7%)	148.04	
Total Expenses	$ 697.84	697.84
Discretionary Income*		$ 589.05

LIVING IN OWN APARTMENT (NO CAR)

Salary after taxes/month		$1,286.89
Start up clothes	$ 100.00	
Apartment set up	50.00	
Food-Dinners	80.00	
Lunch	80.00	
Transportation (Subway)	37.80	
Emergency fund	112.00	
Housing (2 in apartment @$475.00)	237.50	
Utilities ($51.00/2)	25.50	
Leisure entertainment	100.00	
Leisure clothes	20.00	
Student Loan Repayment ($12,750-10 yr. 7%)	148.04	
Total Expenses	$ 990.84	990.84
Discretionary Income*		$ 296.05

LIVING AT HOME/USED CAR

This budget assumes down payment for auto has been saved previously.

Salary after taxes/month		$1,286.89
Start up clothes	$ 100.00	
Room and Board	100.00	
Lunch**	40.00	
Subway transportation (22 days)	37.80	
Emergency fund	112.00	
Leisure entertainment	100.00	
Leisure clothes	20.00	
Student Loan Repayment ($12,750-10 yr. 7%)	148.04	
Used car $5,000/25% down (14%, 36 mo.)	128.15	
Insurance (no collision)	150.00	
Maintenance, gas, oil for leisure transportation at 10,000 mi.	100.00/month	
Total Expenses	$1,035.99	1,035.99
Discretionary Income*		$ 250.90

* Discretionary income is that portion of income which may be used for investment or to improve one's standard of living.

** This budget includes "brown bagging" lunch 3 times a week.

LIVING IN OWN APARTMENT/USED CAR

Salary after taxes/mo.		$1,286.89
Start up clothes	$ 100.00	
Apartment set up	50.00	
Food - Dinners	80.00	
Lunch	80.00	
Emergency fund	112.02	
Housing (2 in apt. @ $475)	237.50	
Utilities ($51.00/2)	25.50	
Leisure entertainment	100.00	
Leisure Clothes	20.00	
Student Loans Repayment ($12,750-10 Yr. 7%)	148.04	
Used car ($5,000/25% down) (14%, loan 36 mo.)	128.15	
Insurance (no collision)	150.00	
Maintenance, gas, oil for leisure transportation at 10,000 miles	100.00/month	
Total Expenses	$1,231.21	1,231.21
Discretionary Income*		$ 55.68

LIVING AT HOME/NEW CAR

Salary after taxes/month		$1,286.89
Start up clothes	$ 100.00	
Room and Board	100.00	
Lunch**	40.00	
Subway transportation (22 days)	37.80	
Emergency fund**	56.00	
Leisure entertainment	100.00	
Leisure clothes	20.00	
Student Loan Repayment ($12,750-10 yr. 7%)	148.04	
New Car $9,000 (48 mo., loan 13%)	241.44	
Insurance	200.00	
Maintenance, gas, oil for leisure transportation at 10,000 miles	100.00/month	
Total Expenses	$1,143.28	1,143.28
Discretionary Income*		$ 143.61

* Discretionary income is that portion of income which may be used for investment or to improve one's standard of living.

**This budget includes "brown bagging" lunch 3x a week.
Cutting emergency fund to 3%.

SAMPLE LAW BUDGET - MARRIED STUDENT[3]

OWN HOME/USED CAR		
Salary after taxes/mo.		$2,306.00
Housing ($67,500 Mtg. @ 11 1/4% adjustable loan)	$ 800.00	
Oil & Utilities	151.00	
Food - Dinners	160.00	
Lunch	160.00	
Transportation	75.60	
Emergency fund	189.00	
Clothes	100.00	
Student Loan Repayments (law student $12,750-10 yr. 7%) undergraduate $4,900-10 yr. 7%)	206.04	
Used car ($5,000/25% down) (14% loan 36 mo.)	128.15	
Insurance (no collision)	150.00	
Maintenance, gas oil for leisure transportation at 10,000 mi.	100.00/month	
	$2,219.79	
		2,219.79
Discretionary Income*		$ 86.21
Assumes little or no entertainment.		
LIVING IN OWN APARTMENT/USED CAR		
Salary		$2,306.00
Clothes	$ 100.00	
Food - Dinner	160.00	
Lunch	160.00	
Transportation	75.60	
Emergency Fund	189.00	
Housing	475.00	
Utilities	51.00	
Leisure Entertainment	100.00	
Leisure Clothes	40.00	
Student Loan Repayment (law loan $12,750-10 yr. 7%) (undergrad. loan $4,900-10 yr. 7%)	206.04	
Used car ($5000/25% down) (14% loan 36 mo.)	128.15	
Insurance (no collision)	150.00	
Maintenance, gas, oil for leisure transportation at 10,000 mi.	100.00/month	
	$1,934.79	
		1,934.79
Discretionary Income*		$ 371.21

This budget assumes down payment for auto has been saved previously.

* Discretionary income is that portion of income which may be used for investment or to improve one's standard of living.

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3. Assumes one person with a J.D. degree at salary of $22,404 and one person with a bachelors degree with salary of $15,432.

Married Budget (continued)

OWN HOME/NEW CAR

Salary after taxes/month		$2,306.00
Clothes	$ 100.00	
Housing ($67,500 Mtg. @ 11 1/4%) adjustable loan)	800.00	
Utilities & Oil	151.00	
Dinners	160.00	
Lunch ($80 x 2)	160.00	
Subway transportation (22 days)	75.60	
Emergency fund	189.00	
Student Loan Repayment (law loan $12.750-10 yr. 7%) (undergrad. loan $4,900-10 yr. 7%)	206.04	
New Car ($9,000/48 mo., 13%) Assumes down payment previously saved.	241.44	
Insurance	200.00	
Maintenance, gas, oil for leisure transportation at 10,000 mi.	100.00/month	
Total	2,383.08	2,383.08
Discretionary Income*		(-$77.08)

* Discretionary income is that portion of income which may be used for investment or to improve one's standard of living.

Assumes little or no entertainment.

The information in the "Living Expenses" section was prepared with the cooperation of Michael Zitowsky, Vice President, The Dime Savings Bank of Williamsburgh. We thank Mr. Zitowsky for his untiring efforts in researching this information.

WORK SHEET

FIELD OF STUDY _____

EXPECTED SALARY$ _____

TAXES _____

_____

_____

NET INCOME _____

MONTHLY INCOME AFTER TAXES $ _____

I.	RENT (live alone or share)	_____
	Room and board (living at home)	_____
II.	HOUSE - Mortgage	_____
III.	UTILITIES	_____
IV.	FIXED EXPENSES	
	Clothes for new job	_____
	Set up household	_____
V.	FOOD	
	Dinners	_____
	Lunches	_____
VI.	EMERGENCY FUND/SAVINGS	
	(6% of gross income)	_____
VII.	LEISURE ENTERTAINMENT	_____
	LEISURE CLOTHING	_____
VIII.	TRANSPORTATION	
	MTA (1 or 2 fare zone)	_____
	L.I.R.R.	_____
	Drive to work	_____
	Leisure transportation	_____
IX.	AUTOMOBILE COST	
	New	_____
	Used	_____
	Insurance	_____
	Personal Loan	_____
X.	STUDENT LOAN REPAYMENT	_____
XII.	PROFESSIONAL EXPENSES	_____

TOTAL EXPENSES $ _____

DISCRETIONARY INCOME
(Monthly Income less Total Expenses) $ _____

DEBT MANAGEMENT SEMINARS

The first in our series of Debt Management Seminars was held on November 16th, 1983, late in the afternoon. This program was geared to Law School students. The topics and speakers are listed below:

PERSONAL PLANNING IN A COMPUTER AGE

A useful, articulate discussion on the management process, the primacy and pervasiveness of the planning function, personal planning, control, and the personal/professional computer revolution.

Dr. Michael J. Kavanagh, Professor and Information System Design Consultant.

EARNING MONEY BUT SAVING ON TAXES

An interesting presentation on the value of knowing tax laws and loopholes.

Dr. Aharon Shapiro, Associate Professor of Economics, St. John's University.

INVESTING FOR CASH FLOW AND TAX SAVINGS

A productive and informative seminar on personal investments including safe and speculative investments.

George M. Awn, Director of Special Products &
Richard S. Saperstein, Financial Planning Consultant.

Both are employed by: Janney, Montgomery, Scott, Inc.

The Spring 1984 presentation was held Monday, March 12th and open to all students. It was a great success. Over 700 students attended.

SECOND FINANCIAL PLANNING

AND

DEBT MANAGEMENT SEMINAR

SPONSORED BY THE OFFICE OF FINANCIAL AID

DATE: Monday, March 12, 1984 D'Andreis Gallery

This is the second of a series of lectures presented at St. John's University to benefit our students. Noted professionals in the field of Banking provided our students with an insight into the various services a bank offers and the use of these services to our students.

9:05 - 10:00 **FISCAL FITNESS** - Richard Kaiser - Chemical Bank
Film, "It's Your Money"
Savings, Money Markets, IRA's, Pronto (Home Banking)
Change of Tax Laws

Mr. Kaiser is an alumnus of St. John's University College of Business, 1965. He is Manager of Chemical Bank, Forest Hills. Mr. Kaiser was joined by Arlene Sakatos, Tax Manager - Price Waterhouse.

10:10 - 11:05 **INSTALLMENT CREDIT** - Ed Rogers - Reliance Federal Savings Bank
Establishing and maintaining Installment Credit in today's society.

Mr. Rogers is Vice-President, Consumer Credit Division. He has lectured extensively on Consumer Credit and has been in the consumer credit environment for 20 years.

N.Y. STATE GUARANTEED STUDENT LOANS Patrice M. McElroy
Greater New York Savings Bank

Ms. McElroy has a B.A. in Economics from College of Mt. St. Vincent. She is an Assistant Secretary managing the Consumer Loan Department.

11:15 - 12:10 **PLASTIC MONEY** - Alexander McKeveny
Manufacturers Hanover

Bank cards have become a pervasive force in the American economy. They offer cardholders convenient access to funds on deposit and credit lines provided by financial institutions.

This presentation acquainted students with the world of plastic money and electronic funds transfer.

Mr. McKeveny is an Assistant Vice-President in the Retail Card Services Department of Manufacturers Hanover Trust. His responsibilities include strategic planning and portfolio acquisitions. Mr. McKeveny is a graduate of New York University, and holds an M.B.A. from Adelphi University.

SO YOU HAVE TO BORROW - Walter Fabiszewski
Manufacturers Hanover

What to expect from credit. What you can do to acquire credit.

Mr. Fabiszewski graduated from Iona College with a B.B.A. in Marketing. He joined Manufacturers Hanover as a Loan Interviewer. Progressed through Supervisor of Interviewers to Department Head of Business Development to present position of Department Head of Credit Review (Personal Loans). Banking career was always consumer oriented, slanted to aiding the consumer.

SAVINGS - Mia Altamura - Manufacturers Hanover

Financial Planning in terms of assets. What you can do with dollars in terms of Savings. Establishing a Banking relationship.

Ms. Altamura is a Marketing Manager at Manufacturers Hanover. She has a B.A. from Montclair State and has done graduate work in Marketing at Pace University.

12:20 - 1:15 **PERSONAL FINANCIAL BUDGETING** - Michael Zitowsky
Dime of Williamsburg

How to get most out of your weekly paycheck
How to allow money to work for you
How to live within your Budget

Mr. Zitowsky graduated from Franklin Pierce University 1969. He holds Dunn & Bradstreet Credit Analysis Degree and has a Brown University certificate in Government Loans. Mr. Zitowsky is an Affiliate Member of Society of Real Estate Appraisers. He is a member of Consumer Credit Consortium of New York.

On October 29th, 1984 various lending institutions, and a financial planner will appear at the First Financial Planning and Debt Management Seminar to be held at the Staten Island Campus in the Campus Center.

The third in the Jamaica Campus series of seminars will be held November 7, 1984.

THIRD FINANCIAL PLANNING

AND

DEBT MANAGEMENT SEMINAR

SPONSORED BY THE OFFICE OF FINANCIAL AID

DATE: Wednesday, November 7, 1984 D'Andreis Gallery

The Office of Financial Aid is aware of the growing amount of indebtedness incurred by our students. In an effort to help students make a responsible decision about borrowing both in college and in the future, the Office of Financial Aid has developed this seminar. Videotapes of this and previous seminars are available for faculty and student use in the Media Center of the Library.

8:00- 8:55 **A COLLEGE STUDENT'S GUIDE TO FINANCIAL PLANNING**
Jean Belmont, Assistant Director of Financial Aid
St. John's University

I. College students earnings

II. Career goals

III. Parents' repsonsibilities

- a) Retirement
- b) Loss of parent
- c) Change in family situation
- d) Sacrifice

IV. Student's responsibilities

- a) Work
- b) Obtaining counseling
- c) Grades
- d) Attendance
- e) Future earnings

V. Loans

- a) Evaluate need
- b) Vacations
- c) Debt
  - 1. Repayment
  - 2. Percent of Salary

VI. Financial Planning and Debt Management Booklet

a) Career choice
b) Amount to borrow
c) Budgets

VII. Student goals

a) Job
b) Independence

VIII. Financial Planning

a) Budgeting
b) Sample Budget

IX. Seminars on Financial Planning

9:05-10:00 **FINANCIAL PLANNING**

Warren Kunz, Assistant to Dean CBA,
Private Consultant

I. What is Financial Planning and of what value is it to an individual? A) Planning B) Financial Planning C) Benefits

II. An Overview of what a Financial Plan entails and how to go about preparing one.

a) Choosing goals and strategies
b) Setting objectives

III. Sources of credit, investments and cost/benefit analysis

a) Charge cards - revolving, store, other vendors
b) Banks - commercial and savings and loan
c) Brokerage firms
d) Government securities
e) Demand deposits, savings deposits, and multi-function accounts

IV. Where do we go from here?

a) Literature
b) Other research
c) Where to begin

Mr. Kunz works as a consultant to private industry for business and financial management. He does extensive work in organizational and investment counseling. He has desgined and taught lecture series on financial planning and budgeting. Mr. Kunz has advised and consulted on the literature developed for this series of seminars.

10:10-11:05 **TAX INFORMATION**
Representative from Internal Revenue Service

Which forms to file?
How to take advantage of tax laws
W-2's, W-4's, 1040's, 1040EZ
Tax advantage of IRA's, Treasury Bonds, etc.
Number of dependents claimed
Ask Questions

This representative is from the Taxpayer Education Department of the Internal Revenue Service.

11:15-12:10 **YOUR CREDIT RIGHTS**
Daphne M. Muscarella, American Express Company, Consumer Affairs Office.

I. Description of credit
Credit: A financial tool in a "cashless society"

II. Examination of the five essential steps to becoming more effective consumers of credit.

a) Establish an individual credit identity
b) Know your credit rights
c) Comparison shop for credit
d) Use credit wisely
e) Speak up when problems occur

III. What's your CQ (Credit Quotient)

a) Credit rights, questions and (their sometimes surprising) answers

Ms. Muscarella joined the Consumer Affairs Office in February 1984. Prior to that, she worked for two and one half years in American Express' General Counsel's Office as a paralegal.

Ms. Muscarella's responsibilities include: identification, analysis and tracking of consumer issues that effect American Express; development, promotion, and evaluation of consumer information/education programs and publications; and coordination of mailings to a nationwide consumer opinion leader mailing list.

Ms. Muscarella is a member of the International Society of Consumer Affairs Professionals and graduated from New York University in 1980.

12:20- 1:15 **EQUITY INVESTING**
Thomas Levis, Investors Company

'Real World' Perspective. Some practical suggestions for investing in the Stock Market.

Mr. Levis founded and manages a small twenty-five year old investment securities firm which currently specializes in providing in-depth research to leading financial institutions and individuals. During his career he has been involved in many areas of the securities business including mutual funds, options, new issues, etc. He has been a paid consultant to small and large corporations alike. He served for three years on the District 12 Business Committee of the National Association of Securities Dealer's and, is currently a member of that self regulatory organization's arbitration panel. Self educated in business matters, Mr. Levis is currently a candidate for a degree in English at Fordham University.

SUMMARY

The Law School student is aware of his/her academic objectives and must project his/her career goals. Developing a clear picture of the cost of attendance for Law School, the possible work opportunities and parental support is essential. Having a projected income breakdown available is a valuable tool which the Law School student can incorporate into his/her long range financial and career planning. The following list of items must be evaluated by the Law School student in developing a long range financial plan:

1. Marital Status of Student
2. Income of Spouse
3. Indebtedness of Spouse
4. Loss or Reduction of Income of Spouse Due to Home Responsibilities (children)
5. Tax Reduction for Interest Payments
6. Practice Incorporation
7. Military Service
8. Initial Professional Practice Start-up Costs
9. Debt Service — Equipment, Etc.
10. Inflation Rates
11. State Tax Rates
12. Local and City Tax Rates
13. Amortization of Debt
14. Structure of Retirement Plan
15. Structure of Investment Portfolio
16. Economic Growth/Decline of the Economy
17. Future of Third Party Payments
18. Demographic Growth/Decline of Practice Areas
19. Fringe Benefit Program
20. The Future??

Jean Belmont is currently Assistant Director of Financial Aid at St. John's University. She has worked in the field of student financial aid initially as a Support Staff member, received her B.S. in Marketing in January 1982 and completed her MBA in Management in January 1984.

October, 1984